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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91150278
Party	Plaintiff Wal-Mart Stores, Inc. ,
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Attachments	WM Response to Motion.pdf (8 pages)(317848 bytes)

WAL-MART STORES, INC.)	
)	
Opposer.)	OPPOSITION NO. 91/150,278
)	OPPOSITION NO. 91/154,632
)	
v.)	
)	Trademark:
FRANKLIN LOUFRANI)	SMILEY & Design Serial No. 75/302,439
)	SMILEY & Design Serial No. 75/977,376
Applicant.)	
)	
)	
FRANKLIN LOUFRANI)	
)	OPPOSITION NO. 91/152,145
Opposer.)	
)	
v.)	
)	Trademark:
WAL-MART STORES, INC.)	Smiley Design Serial No. 76/320,901
)	
Applicant.)	
)	
)	

Counsel for Wal-Mart Stores, Inc.

Opposer Wal-Mart Stores, Inc. (“Wal-Mart”) in the above-captioned consolidated opposition proceeding, by its attorneys, submits this response to Loufrani’s August 14, 2006 Motion for Leave to Introduce Evidence outside testimony period, or, alternatively to re-open the testimony period for the limited purpose of introducing testimony in support of bona fide intent. As discussed below, Wal-Mart objects to Loufrani’s attempt to introduce new, self serving and untested evidence outside the testimony period. In essence, Loufrani has sought to avoid the discovery and adversarial proceedings that are afforded to parties to ensure avoidance of undue prejudice and to provide a properly-developed record. Moreover, Wal-Mart’s position is that the issue of Loufrani’s bona fide intent was tried through the implied consent of Applicant via his responses to Wal-Mart’s discovery requests and his failure to provide rebuttal evidence to Wal-Mart’s Notice of Reliance on the issue. Therefore, Wal-Mart submits that it is appropriate to amend the pleadings to conform to the evidence pursuant to Fed. R. Civ. P. 15(b) and to exclude Loufrani’s “newly-minted” evidence as untimely and excluded.

Alternatively, if the Board does not agree that Applicant’s bona fide intent has been tried by implied consent and as such, the pleadings are not amended to include Wal-Mart’s claim of Applicant’s lack of a bona fide intent-to-use, then Wal-Mart would consent to the re-opening of the discovery and testimony periods solely in relation to the limited issue of Applicant’s bona fide intent-to-use his Smiley Applications. This would provide Wal-Mart with a full and fair opportunity to test Loufrani’s allegations via discovery and testimony; otherwise, Loufrani would be permitted to avoid discovery on, and challenge to, substantive allegations that Loufrani has now placed before the Board, *i.e.*, Wal-Mart should be afforded the opportunity to conduct discovery on the issue and have full right to cross examine Applicant and his witnesses on the matter.

1. Wal-Mart Seeks to Amend its Pleadings to Conform to the Evidence.

Pursuant to the Trademark Board Manual of Procedure § 3.59 and Fed. R. Civ. P. 15(b)¹, a party may seek to amend its pleadings to conform to the evidence. Such a motion to amend pleadings to conform to the evidence is allowed at any point in time during a Board proceeding. As this issue relating to Applicant's lack of a bona fide intent-to-use his Smiley Applications arose during the discovery and testimony periods of this consolidated proceeding, Wal-Mart submits that the pleadings should be amended to reflect the new issue which has been tried by the implied consent of the parties.

Through its First Set of Interrogatories to Applicant in Opposition No. 91150278, Wal-Mart inquired into Applicant's first use of its Smiley Application via Interrogatory No. 4. However, Applicant objected to the interrogatory and failed to provide any information relating to his use of the mark anywhere, in the U.S. or otherwise, in his response served on Wal-Mart on June 19, 2002. *See* WM's April 27, 205 Not. of Reliance. It is clear from Wal-Mart's Interrogatory No.4, because it was not specifically referencing use in the United States, that Wal-Mart was seeking evidence of Applicant's use of the Smiley Application anywhere, as such evidence, or lack thereof, would shed light on whether or not Applicant had a bona fide intent-to-use the Smiley Application when he filed his application in the United States. Applicant had notice of Wal-Mart's interest in this issue and had an opportunity to present affirmative evidence of his bona fide intent-to-use. Because of Applicant's failure in the discovery process to provide

¹ Fed. R. Civ. Proc. Section 15(b) states: "When issues not raised by the pleadings are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings. Such amendment of the pleadings as may be necessary to cause them to conform to the evidence and to raise these issues may be made upon motion of any party at any time, even after judgment; but failure so to amend does not affect the result of the trial of these issues. If evidence is objected to at the trial on the ground that it is not within the issues made by the pleadings, the court may allow the pleadings to be amended and shall do so freely when the presentation of the merits of the action will be subserved thereby and the objecting party fails to satisfy the court that the admission of such evidence would prejudice the party in maintaining the party's action or defense upon the merits. The court may grant a continuance to enable the objecting party to meet such evidence."

any information regarding its first use of the Smiley Application anywhere, Wal-Mart identified and developed the new issue relating to Applicant's lack of bona fide intent-to-use his Smiley Application when his application was filed.

On March 15, 2006, Wal-Mart filed a Notice of Reliance wherein Wal-Mart identified numerous applications Applicant has allowed to lapse for marks similar to Applicant's Smiley Applications because of Applicant's failure to file a Statement of Use within the time allowed to demonstrate use of the marks as applied for on an intent-to-use basis. In Wal-Mart's Notice of Reliance, Wal-Mart stated that the cited applications "are relevant to show the pattern of filing applications simply to make claims without an intent to use, but, rather, in a manner comparable to cybersquatting, to create inappropriate barriers and costs regarding the subjects of the application." Thus, Applicant had notice of this issue and failed to object to its inclusion in response to Wal-Mart's Notice of Reliance. Pursuant to TBMP § 707.02(c), Applicant could have filed a Motion to Strike Wal-Mart's Notice of Reliance arguing that the applications relied upon by Wal-Mart are not relevant to any issue in this consolidated opposition proceeding or Applicant could have raised an objection to Wal-Mart's Notice of Reliance in his Trial Brief, but Applicant did not do either.

As Applicant had notice of this issue and in fact allowed the issue to be tried by his silence and implied consent, Applicant had an opportunity during the discovery and testimony periods of this case to previously present the evidence he now attempts to submit through the declarations and evidence attached to his motion. For this reason, Applicant's Motion to Introduce Evidence outside of the testimony period should be denied.

Furthermore, as Applicant provided his implied consent to the trial of Applicant's lack of a bona fide intent-to-use his Smiley Applications, Wal-Mart's consolidated oppositions should

be amended to include this claim pursuant to Fed. R. Civ. P. 15(b). *See Time Warner Entertainment Co. v. Jones*, 65 U.S.P.Q.2d 1650, 1653 n.2 (T.T.A.B. 2002); *Kasco Corp. v. Southern Saw Service Inc.*, 27 U.S.P.Q.2d 1501, 1504 (T.T.A.B. 1993); *Boise Cascade Corporation v. Cascade Coach Company*, 168 U.S.P.Q. 795, 797 (T.T.A.B. 1970); *Laboratories du Dr N. G. Payot Etablissement v. Southwestern Classics Collection Ltd.*, 3 U.S.P.Q.2d 1600 (T.T.A.B. 1987). Granting Wal-Mart's motion to amend its pleadings to conform to the evidence will not in any way delay proceedings or prejudice the Applicant. The issue, as noted above, was raised by Wal-Mart during its discovery and testimony periods and Wal-Mart believes that the Applicant has provided his implied consent to the trial of this issue based on his response to Interrogatory No. 4 and his failure to object to or offer evidence to rebut Wal-Mart's Notice of Reliance.

2. Alternatively, Wal-Mart Consents to the Re-Opening of the
Discovery Period on the Limited Issue of Applicant's Bona Fide Intent.

If the Board does not agree that Applicant's bona fide intent has been tried by implied consent, and as such, the pleadings are not amended pursuant to Fed. R. Civ. P. 15(b), then Wal-Mart objects to Applicant's attempt to introduce evidence outside of the discovery or testimony periods² in the form of the declarations and evidence attached to his August 14, 2006 motion. Wal-Mart did not have had the opportunity to cross-examine these declarants or review and test the authenticity of Applicant's alleged documentary evidence. Thus, Wal-Mart should be permitted to obtain its own objective evidence and test Loufrani's allegations on this issue

² Loufrani has, until his surprise appearance via an untested declaration, studiously avoided providing direct testimony that could be challenged by cross-examination and other discovery. At one point, earlier in the testimony period of the investigation, Loufrani sought evidence from third-parties on intent-to-use, but did not offer to re-open the discovery period to allow for a full gathering of evidence from his own files and other potential witnesses. Wal-Mart submits that the Board should, by re-opening discovery on the limited issue of Loufrani's intent, allow Wal-Mart to test Loufrani's allegations in his "new evidence" and to uncover and demonstrate the deficiencies and misleading statements that Loufrani has sought to place into the record of this proceeding via the evidence attached to his recent motion.

through discovery mechanisms such as depositions, requests for admission, interrogatories, and requests for production of documents.³ Such discovery is necessary to enable Wal-Mart effectively to challenge and show the deficiencies in Loufrani's alleged evidence of a bona fide intent-to-use the subject of the Smiley Applications across the broad range of over a thousand goods and services.

Proof of bona fide intent to use should be based on objective evidence, not subjective evidence. *See Lane Ltd. v. Jackson Int'l Trading Co.*, 33 U.S.P.Q.2d 1351, 1355 (T.T.A.B. 1994) (“[A]pplicant’s mere statement of subjective intention, without more, would be insufficient to establish applicant’s bona fide intention to use the mark in commerce.”) Allowing Applicant to provide testimony evidence in the form of Loufrani’s declaration submitted with his motion is not enough to prove his bona fide intent through objective evidence. Wal-Mart is entitled to test Loufrani’s newly-minted “evidence” and probe the issues of objective intent that Loufrani seeks to raise through his new submission. Thus, Wal-Mart submits that this proceeding should be re-opened for both parties through the discovery and testimony periods so that evidence regarding Applicant’s newly alleged “facts” may be discovered and Applicant’s declarants and other individuals may be examined or cross-examined by Wal-Mart. Wal-Mart believes that this approach would be a fair approach, and would eliminate undue prejudice to Wal-Mart and create a full record on Loufrani’s new assertions of “fact.” Wal-Mart suggests that, especially if Loufrani agrees to provide timely discovery responses and to sit for a deposition, a four month period for additional discovery, followed by a two month testimony

³ Similar to when a party requests permission to conduct limited discovery to defend a motion for summary judgment under Fed. R. Civ. P. 56(f), Wal-Mart requests that if the Board is inclined to allow Applicant to present evidence on its bona fide intent, then Wal-Mart should be afforded the opportunity to take depositions or obtain discovery on this issue. In fact, Wal-Mart previously requested discovery on this matter in its Motion for 56(f) Discovery in response to Loufrani’s Motion for Summary Judgment, filed on October 23, 2003, but such Motion was rendered moot when the Board denied Loufrani’s Motion for Summary Judgment on February 9, 2004.

period, should be sufficient.⁴

IV. CONCLUSION


For the foregoing reasons, Wal-Mart respectfully requests that the Board deny Applicant's Motion to Introduce Evidence Outside of the Testimony Period but grant Wal-Mart's Motion for Leave to Amend its consolidated oppositions to conform to the evidence.

Alternatively, Wal-Mart consents to the Board re-opening the parties' discovery and testimony periods on the sole issue of Applicant's bona fide intent-to-use his Smiley Applications, so long as Wal-Mart is permitted to take discovery from Applicant on this specific issue.

Respectfully submitted,
Wal-Mart Stores, Inc.

Date: September 5, 2006

By:



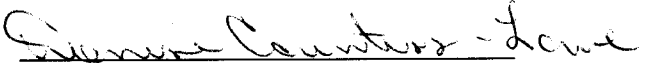
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⁴ However, if Loufrani or his declarant seeks to rely on Hague Convention proceedings as a prerequisite to the provision of direct discovery and testimony, Wal-Mart may need to revisit the issue of the time needed for proper discovery.

CERTIFICATE OF SERVICE

I hereby certify that on this 5th day of September 2006, a true copy of the foregoing Wal-Mart Store Inc.'s Response to Franklin Loufrani's Motion for Leave to Introduce Evidence Outside Testimony Period, or, Alternatively to Re-Open the Testimony Period for the Limited Purpose of Introducing Testimony in Support of Bona Fide Intent has been served on Steven L. Baron, counsel for Franklin Loufrani, via first-class mail, postage prepaid:

Steven L. Baron
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Denise Countiss-Lowe